

Expansion of National Income—

Variations in Industrial Origin and Distribution

NATIONAL income has moved upward throughout the year to date, continuing a succession of increases unbroken since the autumn of 1954. Annual-rate gains on the order of \$2 to \$3 billion were recorded in the first 2 quarters of 1957, and a further rise is clearly indicated for the third quarter by the trend of current earnings in the monthly personal income series.

The increase in total national income this year over 1956 has been widely distributed among the major industry divisions, the uptrends in communication and public utilities, transportation, and services in particular being well sustained. Among the major types of income, corporate profits have not advanced, despite expanding sales; this is in contrast to the continued increases registered by employee compensation and most other forms of earnings. (See chart.)

The same tendencies in the composition of the national income have characterized the whole period since the latter part of 1955, when the economy may be said to have recovered from the 1954 recession. This is the period covered by the present article—a period during which expansion in the value of national income and product reflected not only a further growth in the volume of output but also a marked advance in the general price level.

Industrially, the services and public utilities were among the faster-growing divisions in 1956 as well as in 1957. The period, however, has been marked by considerably more uniformity in rates of advance among the various industries than prevailed in 1953-55, when the market readjustment bore quite unevenly on different parts of the industrial structure.

Corporate profits, the most volatile element of national income, dropped sharply on a before-tax basis from 1953 to 1954, rose strongly during the 1955 recovery and expansion and subsequently have been broadly stable. The dollar total of other types of earnings reflected in much lesser degree the 1953-55 fluctuations in economic activity, and has since expanded by one-tenth in the aggregate.

Types of income

The accompanying text table presents half-yearly changes in the seasonally adjusted annual rate of national income by major types. Pronounced and fairly steady growth characterized the movement of employee compensation from the latter half of 1955 through the first two quarters of this year. Such compensation, which accounts for more than two-thirds of total national income, reached an annual rate of \$258 billion in the third quarter, 6 percent higher than in the same period of 1956 (table 1).

Interest income has risen strongly. While it accounts for only a little over 3 percent of the total national income,

its rate of expansion throughout the past decade has been very rapid. This accelerated growth has been due in part to the higher interest rates which have prevailed in recent years, but a much more important cause has been the expansion of private debt.

Proprietors' and rental income has moved irregularly since the end of 1955. The course of the total has reflected slight but persistent uptrends in the nonfarm components. Net income of farm proprietors has fluctuated around a horizontal trend during most of the period.

	Changes in national income			
	1st to 2d half 1956	2d half 1956 to 1st half 1957	1st to 2d half 1955	2d half 1955 to 1st half 1957
	Percent			
National income.....	4.8	2.0	3.2	2.2
Employee compensation.....	4.9	3.9	3.4	3.0
Corporate earnings.....	8.6	-0.2	2.3	-1.4
Proprietors', rental, and interest income.....	1.7	.0	3.2	1.0
	Billions of dollars			
National income.....	15.1	6.6	10.7	7.7
Employee compensation.....	10.8	8.9	8.0	7.3
Corporate earnings.....	3.4	-2.6	1.9	-2.2
Proprietors', rental, and interest income.....	1.0	.3	1.4	.6

The profits share of national income—measured before taxes and exclusive of inventory gains—in the second quarter was off fractionally from the first quarter. At a seasonally adjusted annual rate of \$40½ billion, it was about \$2 billion lower than in the final quarter of last year.

Review in terms of half-yearly totals serves to smooth out most of the sharp but transitory changes conspicuous in the quarterly figures. Profits are then seen to have been essentially unchanged since early 1956.

Corporate Profits Stable

Percent movements in corporate profits, measured with and without inventory gains, are summarized in the following text table. (Figures are seasonally adjusted annual rates in billions of dollars.)

The effective rate of Federal and State taxes on corporate income (including inventory gains) is estimated at a little over 50 percent. Reflecting the stability of profits before taxes, after-tax profits in the first half of this year held the same annual rate of \$21 billion which had been recorded for each half of 1956.

Dividends rose from \$12 billion last year to an annual rate of \$12½ billion in the first 6 months of 1957, and retained net

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income accordingly declined somewhat further. Such retentions have fallen from \$10 billion in 1955 to \$9 billion in 1956 and an \$8½ billion annual rate in the first half of 1957.¹

Allowing as far as possible for seasonal patterns and inventory gains or losses, it appears that profits in the communications and public utilities industries have continued to expand this year as in 1956, while those in manufacturing and transportation have continued to drift fractionally lower. Earnings in finance, comparatively stable last year, rose somewhat in early 1957.

	Before-tax profits			
	Excluding inventory gains		Including inventory gains	
	Total	Change	Total	Change
1955—1st half.....	39.0	—	40.1	—
2d half.....	42.4	3.4	44.9	2.5
1956—1st half.....	39.3	-3.1	42.5	-2.1
2d half.....	41.1	1.8	43.2	0.7
1957—1st half.....	40.9	-0.2	42.9	-0.2

Estimates of before-tax profits by broad industry divisions are shown on a half-yearly basis in table 2. Seasonal patterns of profits are variable or otherwise obscure in many industries, and systematic adjustment for seasonality is difficult; the adjusted data given in table 3 should therefore be considered merely rough estimates.

Profits off in manufacturing

In terms of the seasonally adjusted series, profits in manufacturing as a whole were slightly under 1956 levels in the first half of this year. Strength was shown primarily in the auto industry's recovery of ground lost in the 1955-56 market contraction. The nonauto transportation equipment industry also reported a substantial expansion in

profits, and the uptrend in the electrical machinery group continued. Besides the sustained heavy demand for producers' durables, earnings in these industries reflected the high volume of defense procurement.

By contrast, last year's tendency to weakness in certain building materials lines where demand has been associated in part with new housing construction became more evident after the turn of the year; and profits in furniture manufacturing declined as well. Most other durables industries also moved slightly downward from their 1956 levels. In total, however, first-half profits in durables manufacturing seem to have been at an annual rate somewhat above that for the full year 1956, though lower than in late 1955.

Profits in nondurables manufacturing were approximately stable during 1956 on a half-yearly basis, at annual rates close to that recorded for the latter half of 1955. The dip recorded since the turn of the current year was comparatively widespread among the individual groups, and was especially sharp in textiles and apparel.

Narrowing of Profit Margins

The general overall stability of profits since their 1955 upswing has involved declines in the ratios of profits to corporate sales, to corporate gross product (i. e., sales less interbusiness cost purchases), and to income originating in corporate business. These declines have represented substantial dollar amounts and have been widespread through the industrial structure of the economy.

The ratio of before-tax profits to sales for all corporations combined was off from 8½ percent in 1955 to 6 percent last year, and a further drop is indicated for the first half of 1957 (table 4). The profits percentages of corporate gross product and of total income originating in corporate business have moved downward in parallel fashion. The two latter measures are preferred over corporate sales as a basis of comparison for total corporate profits, since they provide unduplicated measures of productive activity.

The course of the profits percentage of income originating, which in this period may be taken as generally representative of movements in the other profit ratios as well, has been irregularly downward since 1955. At 22 percent in that

Table 1.—National Income, by Type of Income, 1954-57
(Billions of dollars)

	1954	1955	1956	Seasonally adjusted at annual rates							
				1955				1956			
				I	II	III	IV	I	II	III	IV
National income.....	293.0	324.1	343.6	311.4	321.5	328.3	334.9	335.3	346.5	344.3	352.3
Compensation of employees.....	205.5	226.1	241.4	214.0	221.3	226.1	230.5	234.5	240.0	242.7	247.5
Wages and salaries.....	195.5	216.3	227.2	201.8	208.8	213.0	217.5	220.9	228.1	228.3	233.3
Private.....	161.2	174.4	185.4	165.3	172.8	176.9	181.1	185.9	188.4	190.1	194.7
Military.....	10.0	8.5	9.7	10.0	8.5	9.7	9.7	9.7	9.7	9.7	9.7
Government civilian.....	34.4	36.1	26.2	35.3	20.1	26.4	26.4	27.8	27.9	25.5	28.9
Supplements to wages and salaries.....	11.3	12.7	14.1	12.2	12.5	13.0	13.2	13.7	13.9	14.4	14.6
Proprietors' and rental income.....	49.1	49.4	49.9	48.7	49.8	49.8	49.5	48.8	49.7	50.0	50.7
Business and professional.....	25.9	27.5	28.0	26.7	27.3	27.5	27.8	27.7	28.9	28.2	28.3
Farm.....	12.7	11.9	11.4	11.7	12.1	11.9	11.7	11.4	11.3	11.5	11.5
Rental income of persons.....	10.5	10.2	10.5	10.3	10.2	10.1	10.1	10.2	10.5	10.4	10.4
Corporate profits and inventory valuation adjustment.....	33.1	40.7	46.4	38.2	39.9	41.6	43.2	40.5	39.1	39.8	42.4
Corporate profits before tax.....	33.5	42.5	48.9	38.4	40.7	42.5	44.1	42.3	42.4	42.5	45.6
Corporate profits tax liability.....	17.4	21.5	23.0	20.6	20.5	22.1	23.4	22.1	21.6	20.3	23.3
Corporate profits after tax.....	16.0	21.0	25.9	17.8	20.1	21.5	23.7	21.2	20.7	19.9	23.3
Inventory valuation adjustment.....	-0.3	-1.7	-2.5	-1.2	-0.9	-2.0	-2.9	-2.5	-2.2	-1.6	-3.2
Net interest.....	9.8	10.0	11.5	10.5	10.7	11.0	11.3	11.5	11.7	12.0	12.5

1. Includes noncorporate inventory valuation adjustment.
* Revised.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 2.—Corporate Profits Before Tax, by Major Industries, Half-Yearly, 1954-57

(In billions of dollars, unadjusted for seasonal variation)

	1954		1955		1956		1957
	1st half	2d half	1st half	2d half	1st half	2d half	1st half
All industries, total.....	26.7	16.8	28.5	22.0	21.8	21.2	21.6
Manufacturing.....	9.4	9.0	12.2	12.0	12.0	11.7	12.6
Durable-goods industries.....	6.4	6.0	7.4	7.2	7.6	6.6	7.8
Non-durable-goods industries.....	4.0	4.0	4.8	5.3	4.4	5.1	4.8
Finance and rest of world.....	1.6	2.8	2.6	2.9	2.9	2.9	2.9
Transportation.....	.4	.6	.8	.7	.6	.6	.5
Communications and public utilities.....	1.8	1.7	2.0	2.0	2.2	2.1	2.3
All other industries.....	2.5	3.1	3.1	3.8	3.1	3.9	3.3

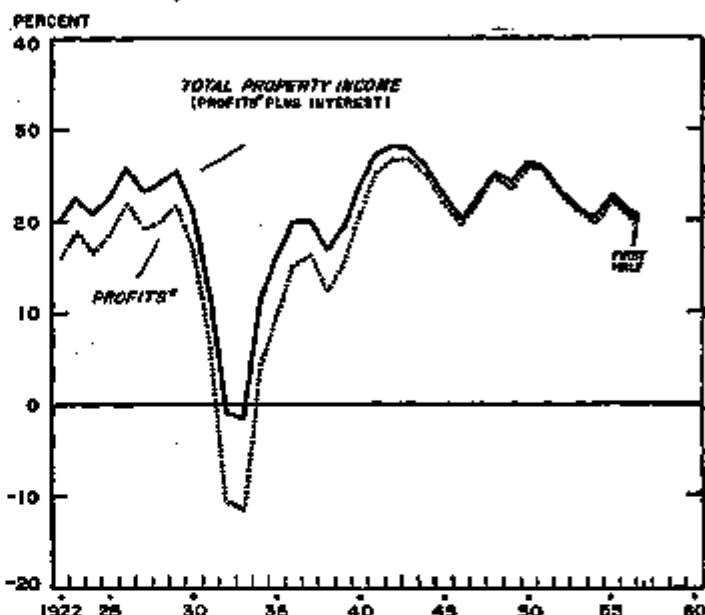
Source: U. S. Department of Commerce, Office of Business Economics.

year, the ratio was well below the postwar highs recorded in 1950-51, but dipped further to 20½ percent in 1956 and declined below 20 percent in the first half of 1957. The accompanying chart puts these changes in the perspective of a 35-year historical record.

The available current information shows some declines in profit margins in industries where there has been a relative softening of demand. Lumber and nonferrous metals

able. The text table below illustrates its widespread character in terms of changes in profit-sales ratios from 1955 to 1956 for broad industry divisions. (Profits data used are without inventory valuation adjustment; use of adjusted figures would not change the general picture significantly.) While incomplete data for the first half of this year suggest that the general downward movement may have been checked

Profits and Total Property Income as Percent of Income Originating in U. S. Corporations



* Before tax, and including inventory valuation adjustment; 1957 data are for 6 months, seasonally adjusted, at annual rates

U. S. Department of Commerce, Office of Business Economics

57-28-1

in some of these industry divisions, it has apparently continued in the majority of them.

Percent Changes in Profit-Sales Ratios, 1955-56:

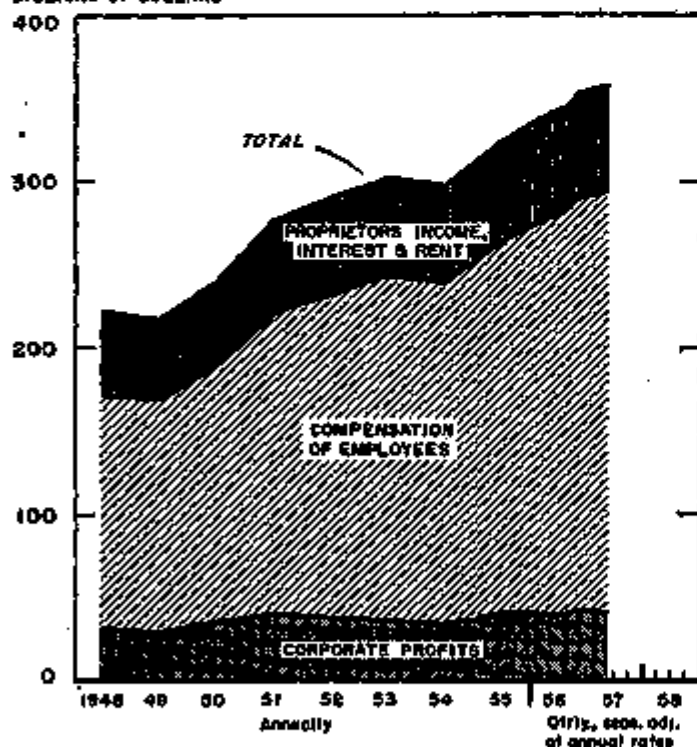
All nonfinancial corporations.....	-5.4
Contract construction.....	-3.8
Manufacturing.....	-6.9
Wholesale and retail trade.....	-8.7
Transportation.....	-11.8
Communications and public utilities.....	-1.7
Services.....	-7.0
All other.....	-2.8

In principle, such declines might have reflected shifts in the composition of sales such that typically low-profit industries increased their fraction of the division totals. More detailed inspection of the record shows, however, that the decline in profit ratios was widely distributed within as well as among the major industry divisions listed in the table. The case of manufacturing, where much detailed information on profits and sales is available, provides an example. Profit ratios have tended downward since 1955 in well over half of all the groups distinguished, both in the durables category and among the nondurables.

The report on second-quarter sales and profits of manufacturing corporations released early this month by the Federal Trade and Securities and Exchange Commissions is also illustrative. It shows sales up 5 percent from the same quarter of 1956, but profits fractionally lower. The

Growth of National Income

BILLIONS OF DOLLARS



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57-28-4

manufacturing, for example, reported particularly sharp drops this year. The tendency to lower profit margins, however, is not confined to such cases. Rather, it seems to have affected the great majority of all industries for which data on profits and on sales or income originating are avail-

decline in profit margins affected 18 of the 23 industry groups; and two-thirds of the lines recording lower margins did so in spite of sales increases.

Table 3.—Corporate Profits Before Tax, by Major Industries, Half-Yearly, 1954-57

(Seasonally adjusted, at annual rates in billions of dollars)

	1954		1955		1956		1957
	1st half	2d half	1st half	2d half	1st half	2d half	
All industries, total.....	\$2.8	\$4.1	\$4.1	\$4.9	\$2.8	\$3.2	\$2.9
Manufacturing.....	18.0	18.8	23.0	26.5	24.7	24.5	24.3
Durable-goods industries.....	10.1	10.7	13.6	15.9	14.1	14.2	14.3
Non-durable-goods industries.....	7.9	8.1	9.4	10.7	10.6	10.4	10.0
Public utilities.....	4.2	4.0	5.2	5.3	5.6	5.5	5.5
All other industries.....	10.6	10.7	11.8	13.0	12.5	13.2	13.1

Source: U. S. Department of Commerce, Office of Business Economics.

Profit being dependent on the relationship between cost and revenues, neither one alone can provide a full explanation of the changes in it. In terms of the interaction between the two, it may be said that from 1955 to 1956 labor costs rose about \$2½ billion more than in proportion to corporate gross product; other cost charges advanced fractionally more than in proportion; and profits fell about \$3 billion short of maintaining their 1955 ratio. Tentative estimates for the first half of 1957 indicate that both labor and nonlabor costs continued to rise faster than revenue.²

The rise shown in table 4 for capital consumption allowances is due partly to the acceleration of write-offs permitted for income tax purposes under the Revenue Acts of 1950 and 1954. These provided, respectively, for emergency amortization of defense facilities and for use of the declining-balance and sum-of-years-digits formulae as alternatives to straight-line depreciation on new capital assets acquired after 1953. As was noted in last month's Survey, by 1956 corporate depreciation charges were 3 or 4 billion dollars higher than they would have been had these laws not applied. The emergency amortization provisions accounted for over half of this effect.

The profits share of national income is measured so as to reflect this acceleration of write-offs. If it did not do so, the profit ratios in table 4 would decline less markedly and would compare less unfavorably with those of the earlier 1950s. The decline would still appear significant, however, and the general picture presented here for the period since 1955 would not be affected in substantial degree.

Employee Compensation Expands

As table 5 shows, in recent years around one-third of all employee compensation has come from manufacturing. Trade has accounted for about one-sixth, as has government (including government enterprises). Services have contributed somewhat under one-tenth of the total, and lesser fractions have arisen in construction, transportation, and other industry divisions.

Total compensation of employees has registered advances of around 3 or 4 percent in each half-year since late 1955.

2. As the accompanying chart suggests, the 1955-57 narrowing of margins continues a tendency which has been intermittently apparent ever since 1951. This tendency, and associated trends in prices and in labor and other costs, were examined in some detail in the January 1956 Survey.

This growth has reflected uptrends in every major industry division, though manufacturing has tended to lag behind the all-industry rate of rise. Construction, for which a comparatively sharp increase was reported last year, was up only moderately further from 1956 to early 1957. Most other divisions maintained substantially the same relative positions as in 1956, on a half-yearly basis.

Current data on payrolls (not including supplements) indicate that from the first quarter of this year to the third the pattern has been modified by some increase in the relative contribution of the service and finance industries and of government, and by a slight decline in transportation payrolls. Factory wage payments have declined in the auto industry, but have been about stable so far this year in other manufacturing industries. Salaries in manufacturing have continued their expansion in the third quarter, and wages and salaries combined have shown little net change from the first quarter of the year.

Table 4.—Corporate Production, Costs and Profits, 1952-57¹

	1952	1953	1954	1955	1956	1957 1st half, seasonally adjusted at annual rates
[Billions of dollars]						
Corporate sales and inventory change.....	527.7	552.1	543.4	603.7	542.9	645.7
Cost purchases.....	341.8	363.9	349.9	380.3	414.5	426.3
Changes to corporate gross product.....	185.9	188.2	193.5	223.4	128.4	219.4
Indirect taxes.....	17.1	18.3	17.6	30.2	20.2	21.7
Capital consumption allowances.....	22.3	14.2	15.0	17.7	19.5	20.9
Income originating in corporate business.....	156.4	165.7	160.4	178.6	189.7	197.8
Compensation of employees.....	120.0	130.0	127.5	128.3	149.9	158.7
Net interest.....	.6	.8	1.1	1.1	1.1	1.1
Profits before tax, including inventory valuation adjustment.....	25.9	34.0	31.7	30.2	33.7	39.0
[Percent]						
Additional: Profits before tax and inventory valuation adjustment as percent of.....						
Sales and inventory change.....	5.8	6.2	5.8	5.5	6.0	5.8
Corporate gross product.....	19.3	17.6	16.4	18.2	16.9	16.3
Income originating in corporate business.....	22.9	21.1	19.8	21.9	20.4	19.8

1. The measures of sales and non-income charges used here are described in the January 1956 Survey.
2. A small allowance for corporate transfer payments is included here, and major cash subsidies are netted out.

Source: U. S. Department of Commerce, Office of Business Economics.

The total of nonagricultural employment, seasonally adjusted, advanced from 51.2 million in December 1955 to 52.5 million a year later. By the third quarter of 1957 it was around 52.8 million. Most of the 1956 expansion and, on balance, all of the limited increase during 1957 so far have taken place in nonmanufacturing industries. From December of 1956 to August this year manufacturing employment declined 0.3 million to a total under 17 million, while trade rose by a like number, passing 11½ million; service and government recorded similar relative gains. The course of employee compensation has reflected these trends in employment, together with a general upward movement in average earnings (and fractional declines in the length of the work-week).

A review of data which cover most private industries suggests that higher hourly earnings were the principal factor in the growth of employee compensation during 1956: on an all-industry basis this factor apparently accounted for over two-thirds of the advance in private payrolls within the year. The rise in employment having since slackened, the

relative importance of pay boosts in the payroll expansion has been even greater this year than last.

This overall pattern has been reflected in varying degree in the experience of most industries. Wholesale trade provided an exception in the first half of 1957, employment gains contributing more to payroll expansion than higher average earnings. Statistics for other nonmanufacturing industries, however, reveal comparatively few such exceptions.

The data for all manufacturing and for a large majority of individual manufacturing industries also show a pattern closely resembling that suggested above: Advancing hourly earnings appear as the chief positive factor in the course of total wages in both durable-goods and nondurable-goods categories since the latter part of 1955.

Industrial Origins of National Income

To a large extent, shifts in the industrial structure of national income tend to reflect swings in the level of business activity. Such swings are likely to be quite pronounced in certain markets—e. g., in those for construction and for producer and consumer durables. During any given period, therefore, industries serving these areas are apt to show larger increases or declines than do industries serving more stable markets.

Since the end of 1955, the value of total output has been growing at a relatively steady pace. Shifts in the industrial structure of the national income have been correspondingly minor, the major industry divisions expanding more or less together.

The accompanying text table shows this tendency towards uniformity of movement. It has been particularly pronounced during the past year, with a substantial majority of the principal industry divisions recording half-yearly gains varying between 2 and 4 percent. The percentage changes implied for the full year from early 1956 to early 1957 are even more closely bunched together, short-term irregularities having averaged out to some extent.

Changes in national income, by industry division

	1st to 2d half 1956	2d half 1956 to 1st half 1957	1st to 2d half 1956	2d half 1956 to 1st half 1957
	Percent			
National income.....	4.8	3.0	3.2	2.2
Transportation, communications, and public utilities.....	3.7	4.8	1.5	3.1
Services.....	4.9	4.8	4.3	3.0
Government.....	3.3	2.7	3.7	2.7
Manufacturing.....	4.9	.7	2.0	1.9
Trade.....	5.1	.6	4.7	2.0
Finance.....	3.6	2.0	2.0	2.2
Agriculture, forestry, and fisheries.....	-.1	-1.5	2.2	-.3
All other.....	2.5	4.7	2.2	2.7

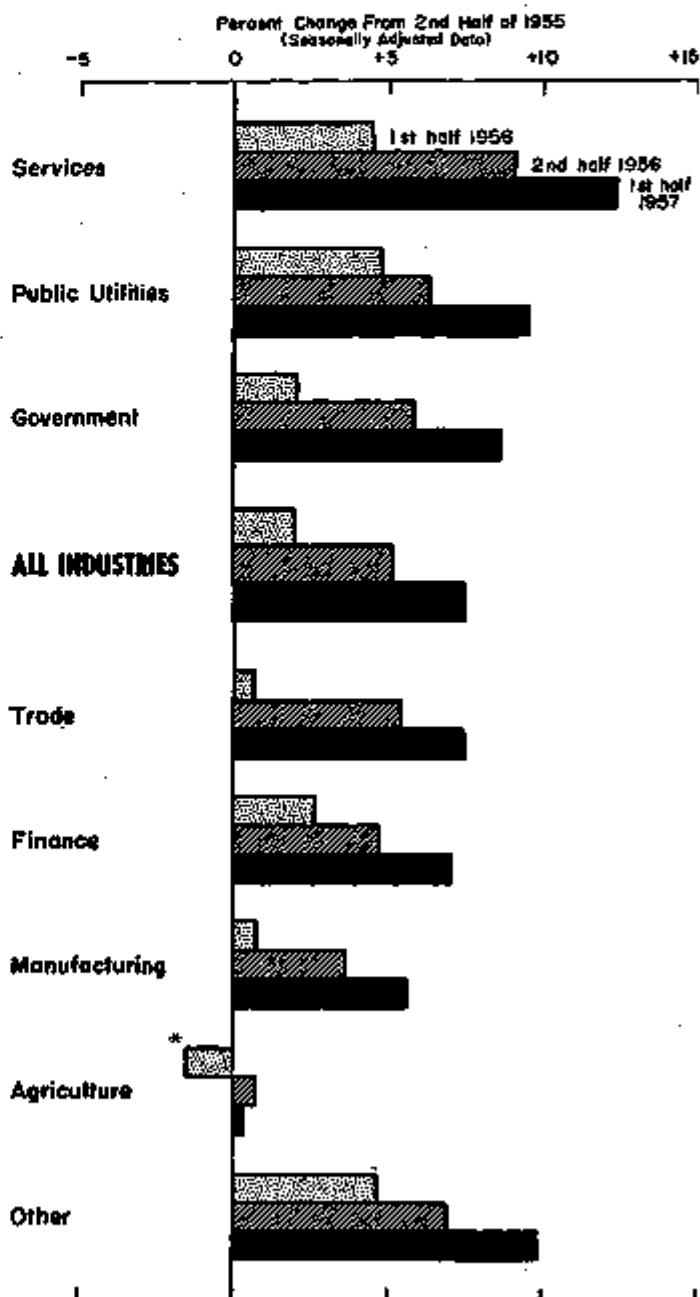
The results of comparisons of rates of change among industries depend partly on how the reference period is divided. The case of the large manufacturing division illustrates this point: The advance shown for the first half of 1957 actually reflects the rise which occurred toward the end of last year, rather than any subsequent gain. (The level reached at year end, which has since been about maintained,

was significantly above the third quarter of 1956 and hence above the second-half average for that year.)

Despite this qualification, the degree of uniformity of movement as among the broad industry divisions of the economy is one of the striking characteristics of the period following the cyclical upswing of 1954-55. In this connection it may be noted that the major contractions of last year in residential construction and in autos seem to have leveled off, so that their effect in producing disparities of movement within the industrial structure has diminished. There has also been a tendency, partly traceable to market or technical circumstances and partly a matter of coincidence, for specific offsets to develop within the fields of industry affected by such contractions. Examples are mentioned below.

The table also suggests that in this period such differences

Rise in National Income by Industries



* Decreases

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57-26-6

in rate of expansion as there were tended to favor industries providing services over those engaged in producing goods. Communications and public utilities, the services division, transportation and government, in particular, have generally been among the leaders since 1955. Manufacturing and several other commodity-producing or -handling divisions have shown slightly smaller-than-average rates of increase during the period as a whole.

The flow of income from communications and public utilities expanded more than 10 percent from late 1955 to early 1957. The telecommunications and electric and gas utility industries, which account for the bulk of the income in

before World War II (see the article on "Growth of the Consumer Service Market" in the May 1956 Survey of Current Business). Income in the service industry division as a whole has advanced rather steadily in the current period to reach an annual rate of \$37½ billion in the first half of this year (table 6).

The need for educational and other services customarily supplied by State and local governments has increased in line with the related population trends, including the rising percentage of urban and suburban households requiring municipal services. Income originating in government, which is measured by compensation of public employees, has reflected these developments in particular, together with some rise in average pay rates.

Unlike the industry divisions just considered, transportation shows clearly the income effects of fluctuations in the demand for commodities, and the course of income in it also reflects rate adjustments which have gone into effect more or less simultaneously over large sections of the industry. The principal irregularities shown in the table—relatively sharp advances in early 1956 and early 1957—are apparently due in part to rail freight rate adjustments.

Income changes in most other industry divisions have shown special patterns traceable largely to shifts in the markets for particular categories of durable goods. Of many such cases affecting the recent industry pattern of income, perhaps the most pervasive and influential have been those of autos and residential housing.

Income in manufacturing, which has amounted to over \$100 billion at annual rate since the upswing of late 1955, has been affected by changes in both of these industries. The major role of the auto industry has been suggested in the discussions of wages and profits above. Apart from auto industry profits and production workers' wages paid by that industry, total income in manufacturing showed a pattern of growth appreciably different from that suggested in the text table for manufacturing as a whole, rising 3 percent, 3 percent and 1 percent respectively in the last three periods distinguished. These advances, responding to the expansion of the market for producers' durable equipment and of defense procurement among other developments, would have been even more marked in the first half of 1956 and more limited this year but for the effect of changes in automotive demand for rubber, primary metals, textiles, glass, paint and so on. The decline of private nonfarm housing starts from a 1.3 million annual rate in the second half of 1955 to a rate under 1 million in early 1957 had similarly general implications, affecting income in furniture, household appliances and building materials manufacturing.

The effects of such market shifts were also apparent in other industry divisions. In trade, an income flow on the order of \$60 billion at annual rates has tended to fluctuate in accordance with variations in demand for autos, furniture and apparel, in particular. Income in the finance, insurance and real estate division has reflected the need for services in connection with the growth in the stock of housing and investment goods generally; expansion of this need has slowed with the decline in residential construction activity and the more deliberate pace of credit expansion for this and other business and consumer purposes.

Of the industry divisions not shown separately in the table, mining is of interest as representing an exception to the general pattern suggested above. Mining income has expanded strongly though irregularly throughout the period, responding to the demand for metal for industrial and other equipment and to the rising need for motor and residential fuels. Special factors, including strikes last summer and the Suez crisis around the turn of the year, have obscured the longer-term tendencies in this division.

Table 5.—Compensation of Employees, by Major Industries, Half Yearly, 1954-57

(Seasonally adjusted, at annual rates in billions of dollars)

	1954		1955		1956		1957, 1st half
	1st half	2d half	1st half	2d half	1st half	2d half	
All industries, total.....	296.7	297.3	317.5	328.4	337.3	345.3	352.6
Agriculture, forestry and fisheries.....	3.2	3.1	3.1	3.2	3.3	3.3	3.4
Mining.....	3.8	3.7	3.9	4.1	4.4	4.5	4.8
Contract construction.....	11.6	11.9	12.3	12.6	13.7	14.3	14.5
Manufacturing.....	71.2	70.7	73.7	79.9	82.3	85.1	87.4
Wholesale and retail trade.....	35.4	35.9	37.2	39.3	40.6	42.2	43.7
Finance, insurance and real estate.....	8.4	8.8	9.3	9.7	10.2	10.6	11.0
Transportation.....	12.8	12.4	12.8	13.8	14.2	14.3	14.8
Communications and public utilities.....	6.2	6.6	6.7	7.0	7.5	7.6	7.8
Services.....	17.9	18.0	19.4	20.6	21.6	22.6	23.2
Government.....	35.4	36.2	37.1	38.3	39.3	40.8	41.9
Addendum:							
All private industries.....	170.3	171.6	180.5	190.1	197.8	204.4	210.7
All private nonfarm industries.....	167.1	168.7	177.4	186.9	194.6	201.1	207.2

Source: U. S. Department of Commerce, Office of Business Economics.

this division, have grown throughout the postwar period, as the number of households and businesses to be served has increased and as national standards of efficiency and convenience have called for increasing use of telephones and other electrical and gas equipment.

The demand for business and personal services has reflected the same growth factors. In addition, services such as advertising are favored by increasingly competitive business conditions, and certain other lines have been expanding to regain the relative positions they occupied in the economy

Table 6.—National Income by Industrial Origin, 1954-57

(Billions of dollars)

	1954	1955	1956	Seasonally adjusted at annual rates							
				1954		1955		1956		1957	
				1st half	2d half	1st half	2d half	1st half	2d half	1st half	2d half
All industry, total.....	296.0	324.1	343.6	296.7	301.1	316.5	331.8	339.2	348.9	356.6	366.6
Agriculture, forestry, and fisheries.....	10.9	16.2	16.1	17.0	16.8	16.2	16.2	16.9	16.3	16.3	16.3
Mining.....	4.9	5.4	5.9	5.9	6.7	5.3	5.6	6.1	6.9	6.9	6.4
Contract construction.....	13.8	10.6	17.7	15.2	15.6	16.3	16.7	17.6	17.0	18.1	18.1
Manufacturing.....	80.0	102.4	108.1	89.8	90.1	98.0	105.8	106.8	109.6	111.7	111.7
Wholesale and retail trade.....	51.1	54.8	57.9	59.4	51.7	53.5	58.2	64.5	58.2	60.4	60.4
Finance, insurance, and real estate.....	25.1	26.3	30.9	27.9	28.3	28.8	29.8	30.6	31.3	31.6	31.6
Transportation.....	14.6	15.7	16.7	14.6	16.3	16.9	16.7	16.7	16.7	17.2	17.2
Communications and public utilities.....	20.7	11.5	12.5	10.6	10.9	11.4	11.7	12.3	12.7	12.1	12.1
Services.....	29.7	32.8	35.6	29.3	30.2	31.7	33.2	34.8	35.3	37.4	37.4
Government and government enterprises.....	36.8	37.7	43.1	35.4	36.2	37.1	38.3	39.3	40.8	41.9	41.9
Rest of the world.....	1.6	2.0	2.1	1.7	2.0	1.9	2.1	2.0	2.2	2.3	2.3

Source: U. S. Department of Commerce, Office of Business Economics.